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Economic Intelligence Weekly

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ECONOMIC INTELLIGENCE WEEKLY

4 September 1974

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INDUSTRIAL NATIONS

Paying the Oil Bills: The Japanese, British, and Italian Situations; The three countries have been struggling to meet oil bills totaling nearly \$35 billion for 1974. [redacted] (See page 1.)

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Japan: Sagging Demand Hits Commodity Markets; The Japanese economic slump is contributing substantially to the decline in world prices of certain key commodities. [redacted] (See page 3.)

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The EC Commission has proposed that EC agricultural ministers at their 23 September meeting increase producer prices for agricultural products an average of 4% in October. The proposal is in response to pressure from farmers who are seeking relief from a cost-price squeeze. The price rise would fall in the middle of a marketing year that began with an 8.5% increase. [redacted]

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US Trade Surplus with USSR Declines; First half trade data indicate the US surplus in 1974 will be less than half of the \$1 billion surplus earned last year. [redacted] (See page 5.)

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US Recalls Spring Wheat Team from USSR; The premature return was prompted by Soviet refusal to permit visits to key New Lands areas. [redacted] (See page 8.)

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Canada: Transport Problems Impede Grain Exports; Exports for 1974 probably will fall 1-1/2 million tons short of earlier expectations. [redacted] (See page 4.)

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INTERNATIONAL MARKETS

The Dollar continued to advance against most major currencies last week, gaining from 0.3% to 1.5% relative to the major European currencies but declined slightly against the yen. The price of gold increased \$4.50 an ounce during the week. [redacted]

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Copper Prices on the London Metal Exchange are coming under steady downward pressure as a result of weak demand, rising production, and increasing copper stocks. Prices on the LME fell by 7 cents last week to a yearly low of 73.9 cents a pound. The insulated US domestic price is holding steady at 85 to 87 cents a pound. [redacted] (See Metal Prices Chart, page A-3.)

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Wheat Prices Held Steady through the month of August, following a dramatic drop beginning in February and a subsequent rally since June. Cotton prices continue their steady decline, which began in January. Corn, sugar, and soybean prices continue upward, with sugar prices increasing in August 24.8% over a month ago and 248.4% over August 1973. [redacted] (See Agricultural Prices Chart, page A-4.)

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DEVELOPING COUNTRIES

Major Oil Exporters – A New Force in Economic Aid to LDCs; OPEC countries pledged \$5.4 billion in aid in the first half of 1974, mainly to Egypt, Syria, India, and Pakistan. [redacted] (See page 7.)

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Brazil Reluctant to Join Iron Ore Group; Brazil remains skeptical of efforts by LDC iron ore producers to raise export prices. [] (See page 9.)

ture that handles foreign trade and thereby facilitate the flow of Western technology into the Soviet economy.
[]

25X1 **Thailand Corn Exports;** Foreign sales will benefit from a good crop and high prices brought on by the US drought.
[] (See page 9.)

25X1 **High Bulgarian Official to Visit US;** Deputy Premier Ivan Popov will discuss trade relations and large-scale industrial projects. [] (See page 9.)

25X1 **Indonesia to Cut Timber Output;** The government wishes to bolster sagging export prices and conserve resources.
[] (See page 9.)

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PUBLICATION OF INTEREST

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COMMUNIST COUNTRIES

Soviet Progress in the Production of Integrated Circuits
(See page 10.)

Administrative Changes in Soviet Economic Organizations suggest that preparations are under way to handle increased commerce with the United States. All Soviet industrial ministries have established separate divisions for dealing with American trade, and a new department at the State Planning Committee, Gosplan, is to oversee economic cooperation with foreign countries. The changes should increase the flexibility of the bureaucratic struc-

COMPARATIVE INDICATORS

Recent Data Concerning Internal Economic Activities
(See page A-1.)

Recent Data Concerning External Economic Activities
(See page A-2.)

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Articles

**PAYING THE OIL BILLS: THE JAPANESE, BRITISH,
AND ITALIAN SITUATIONS**

Japan, the United Kingdom, and Italy have been struggling to meet oil import bills that will total nearly \$35 billion in 1974. Their approaches to the problem and their successes to date vary considerably. The United Kingdom and Italy have arranged adequate financing for 1974, but will face increasing financing difficulties next year. Japan is reducing its current account deficit and should have little difficulty financing the remainder.

Japan

Japan so far has coped with the \$14 billion increase in annual oil costs without massive public borrowing abroad. In response to the problem, Tokyo has:

- tightened monetary and fiscal policy another notch to hold down import demand and free more goods for export,
- put direct limits on business investment,
- restricted energy consumption in industry, and
- discouraged investment abroad, except in projects needed to assure supplies of raw materials, particularly fuel.

As a result of these measures and the contractionary impact of the higher oil bill itself, GNP and the volume of imports has fallen while exports have continued to increase sharply. Japan's surplus in non-oil trade soared to \$6.3 billion in the first six months of 1974, holding the current account deficit to \$5.7 billion. Long-term capital outflows were reduced to \$2.6 billion from \$5.5 billion in the last half of 1973. Short-term commercial bank borrowing not only financed the resulting \$8.3 billion deficit in the basic balance but also brought a \$1.2 billion increase in Japan's official reserves.

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Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed.

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Japanese banks are finding it increasingly difficult to borrow short-term funds to cover longer term financing needs. Tokyo accordingly is now seeking medium-term loans in international capital markets and from OPEC countries. Japan has recently arranged a \$1 billion, four-year loan from Saudi Arabia. Tokyo will probably seek further medium-term aid this year to avoid a substantial drawdown of reserves and further increase in its short-term debt.

United Kingdom

Unlike Japan, the United Kingdom had a deficit in non-oil trade of \$2.4 billion in the first half of 1974 in addition to its oil bill of nearly \$4 billion. Britain's traditional surplus in service transactions limited the current account deficit to \$4.8 billion - \$1 billion less than Japan's deficit.

To meet the deficit expected for 1974, public authorities and private firms arranged about \$4.7 billion in Eurodollar credits. Only \$1.7 billion had to be used in the first half. The remainder of the deficit was financed through other capital inflows, including sterling deposits by some oil producers and increases in sterling working balances of international oil companies.

Capital inflows, including those from loans already arranged, will provide Britain with ample financing for the rest of 1974. The United Kingdom appears, however, to be receiving a smaller share of oil-related capital flows now than earlier this year. If this situation continues, London will have to find alternative sources of funds, which could be difficult.

Italy

Italy has the most formidable payments problem of any major country. The \$3.5 billion cost of oil in the first half of 1974 came on top of a deficit for non-oil trade and a substantial outflow of long-term capital, raising financing needs to \$6.3 billion.

To make the necessary payments in the first half, Italy borrowed about \$2.3 billion in the Eurodollar market, obtained \$1.9 billion in short-term credits from its EC partners, and drew down official reserves by \$1.1 billion. By the end of June, foreign exchange reserves had dwindled to just over \$1 billion, although substantial gold holdings remained.

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Rome's medium-term credit arrangements will carry it through the rest of the year if the EC grants an expected three-month extension on the \$1.9 billion short-term credit. The \$2 billion loan from West Germany, arranged last week, and Italy's credit position in the IMF give Rome about \$3.5 billion in medium-term resources. With an extension of the EC credit, Rome would have adequate resources through December.

Italy must now look for funds to meet next year's needs. Problems in arranging the most recent Eurodollar loan indicate that the government is nearing its limit for private credit. The use of gold as collateral in the West German loan has further prejudiced Italy's private credit position, since lenders would probably want a similar provision in any new private loan. The most likely source of new medium-term credit is through an EC-backed arrangement. Bonn has already indicated that it will support such a scheme. Now that West Germany has given direct help to Italy, Bonn is in a strong position to push for Community acceptance of EC-wide action.

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JAPAN: SAGGING DEMAND HITS COMMODITY MARKETS

The Japanese economic slump is contributing substantially to the decline in world prices of certain key commodities. The physical volume of raw material imports was slightly lower in the first half of 1974 than a year earlier and will probably decline in the months ahead because of stagnating industrial output. Last year, import volume rose 20%.

Imports of textile and construction materials have dropped sharply. The Japanese are no longer active in the Australian wool market and will reduce cotton purchases in the United States and elsewhere. They probably will buy about 10% less US cotton in the marketing year that began 1 August than they did in the previous year. Hardly any new orders have been placed in recent months in US or other cotton markets.

Japan: Trends in Import Volume

	Percent Change	
	1973 over 1972	First Half 1974 over First Half 1973
Crude oil	16	...
Coal		
and coke	15	3
Refined copper	34	-29
Copper ores		
and concentrates	37	10
Iron ore	21	6
Ferrous scrap	116	-47
Bauxite	12	-5
Logs		
and lumber	17	-5
Cotton	9	-9
Wool	-6	-48
Grains		
and soybeans	14	7

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Inventories of a few commodities are so large that the Japanese are becoming significant re-exporters. Exports of refined copper may reach 200,000 tons this year, equivalent to 10% of world exports in 1973. Lead and zinc exports, still small, are also increasing.

Heavy Japanese selling of refined copper has been an important factor in the nearly 50% decline in price since April. Traditional exporters – Chile and Zambia – are pressing the Japanese to restrain overseas sales, offering to ship less ores, concentrates, and refined metal than is stipulated in long-term contracts. The Japanese are reluctant to alter existing contracts and probably also want to make full use of their copper refining capacity.

Recent drops in world prices for lead, zinc, wool, cotton, and some wood products are attributable partly to weak Japanese demand.

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CANADA: TRANSPORT PROBLEMS IMPEDE GRAIN EXPORTS

Transportation problems are expected to hold Canadian grain exports 1-1/2 million tons, or 8%, below earlier estimates for the marketing year that began on 1 August. Exports consequently will not appreciably exceed last year's shipments of 15.7 million tons. After the transport difficulties of 1973-74, some customers for Canadian grain no doubt are tempted to turn to more dependable suppliers.

Strikes are hampering grain deliveries from both the east and west coasts. Since early August, a strike by Canadian pilots on the Great Lakes has slowed shipments from the prairie provinces to Montreal. An accident on 26 August in the Welland Canal – linking Lake Erie and Lake Ontario – is blocking seaway traffic to Montreal for at least two weeks. Stocks at Montreal, necessary to keep shipments moving smoothly, already have been depleted because of the pilots' strike. In Vancouver, which usually handles half the wheat exports, grain handlers recently went on strike, following a two-month slowdown.

The Great Lakes pilot strike has entered mediation and may soon be settled. But no quick settlement of the Vancouver dispute is in sight. At the urging of the Canadian Wheat Board, Prime Minister Trudeau has pressured the grain

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companies to accept the strikers' demands, so far to no avail. Trudeau is reluctant to recall parliament – scheduled to return on 30 September – to legislate an end to the strike.

On the basis of previous experience, the Wheat Board admits that arrears in deliveries will be difficult to make up. Even if both strikes were settled promptly, wheat exports could not return to normal before the end of September. Meanwhile, the Wheat Board worries about the damage to Canada's reputation as a reliable exporter. China, one of the largest customers, has already complained about delays in wheat shipments and may look to the United States for extra supplies.

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US TRADE SURPLUS WITH USSR DECLINES

First-half statistics indicate that the US trade surplus with the USSR in 1974 will be less than half of the \$1 billion surplus earned last year. US exports to the Soviet Union in the first six months totaled \$316 million, down by 55% compared with the same period in 1973. Meanwhile imports from the USSR climbed to \$188 million, more than double last year.

US-Soviet Trade

	Million US \$		
	1973	First Half 1973	First Half 1974
US Exports	1,187	694	316
Grain	837	511	168
Soybeans	67	67
Machinery and equipment	204	74	102
Chemicals	17	9	11
Iron and steel	14	5	6
Other	48	28	29
US Imports	214	87	188
Oil and oil products	76	18	67
Platinum and platinum group metals	75	43	83
Diamonds and other precious stones	17	7	6
Chrome ore	6	2	3
Nonferrous base metals	18	6	12
Other	22	11	17

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The \$400 million decline in US sales of agricultural products was responsible for the fall in exports. Sales of machinery and equipment were lower than expected -- showing no increase above the 1973 rate. The increase in US imports, compared with the first half of 1973, was paced by oil and oil products and platinum group metals. The increase in value of petroleum imports was largely a function of price.

The data for the first six months suggest that US exports for the year will fall short of the billion-dollar mark, perhaps totaling \$800 million. With less than \$100 million in grain deliveries to be made to the USSR in the last half of 1974, total exports of agricultural products probably will fall short of \$300 million. Exports of machinery and equipment should be substantially higher in the second half of 1974 and may reach \$300 million to \$400 million for the year.

US imports for the whole of 1974 will depend heavily on the volume and price of imports of oil and platinum group metals. A doubling of total imports from the USSR over the 1973 level seems likely -- to roughly \$400 million.

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MAJOR OIL EXPORTERS—A NEW FORCE IN ECONOMIC AID TO LDCs

Economic aid commitments from the Organization of Petroleum Exporting Countries (OPEC) to LDCs pushed the worldwide total of official bilateral pledges for the first half of 1974 to a record \$13.4 billion, almost double the extensions of the first half of 1973. Commitments by multilateral institutions—mostly UN agencies—may have added another \$1.5 billion to \$2 billion. Although Western nations (including Japan) remained the Third World's principal source of bilateral aid, their new commitments of \$6.1 billion accounted for less than half of the total. OPEC countries accounted for \$5.4 billion, or 40%, during the first half.

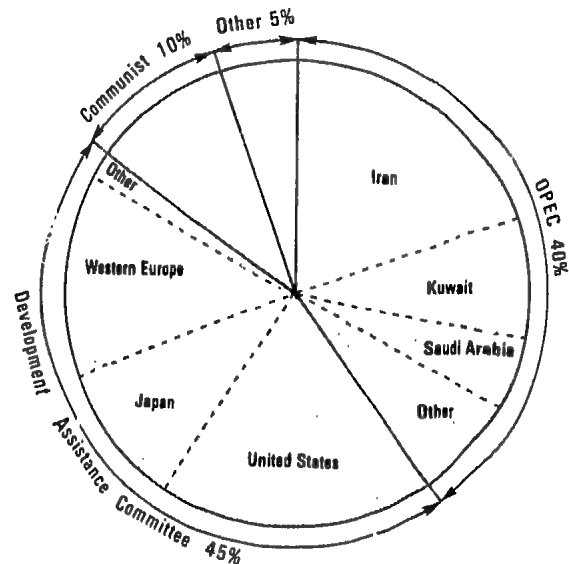
- Iran provided one-half of the OPEC total. Tehran's commitment of \$2.6 billion makes Iran a donor of equal rank with the United States.
- Kuwait and Saudi Arabia were also major oil aid donors, extending about \$1 billion and \$700 million, respectively.
- Two-fifths of OPEC aid was allocated to Egypt and Syria. Another 35% went to India and Pakistan.

Estimated Official Bilateral Economic Aid Pledged to Less Developed Countries

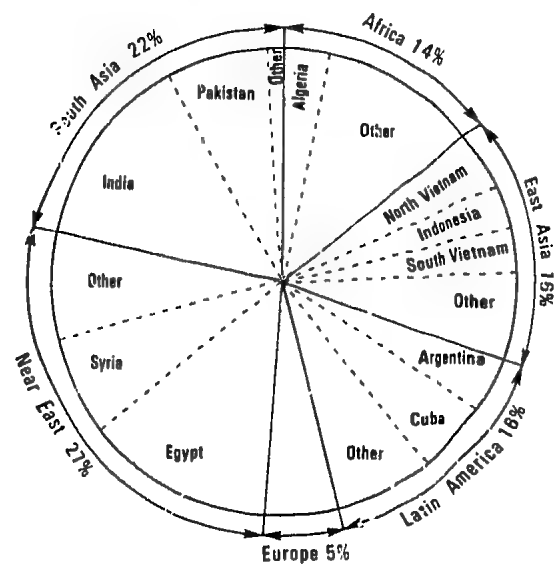
1 January-30 June 1974

Total: US \$13.4 Billion

By Donor



By Recipient



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OPEC aid to Egypt and Syria consisted largely of Arab grants for war-related reconstruction and development. Aid to other countries has emphasized agricultural and industrial projects. Only a small part (possibly as little as 5%) was provided to help LDCs cope with the high price of petroleum.

The enormous OPEC commitments provide new opportunities for Western industry because OPEC aid will require external technical expertise, equipment, and institutional support. The size, geographic concentration, and emphasis on project aid of the OPEC commitments almost certainly will precipitate a reexamination of the scope and magnitude of Western aid programs.

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Notes

US Recalls Spring Wheat Team From USSR

The United States recalled its spring wheat team from the USSR last Friday. The premature return was prompted by the Soviet refusal to permit the team to visit key spring grain areas in the New Lands of Siberia and Kazakhstan as originally agreed. Weather data had indicated a serious drought in some of the areas subsequently dropped from the team's proposed itinerary. Because of the drought, we had reduced our estimate of the total crop from 205 million to 198 million tons, while the USDA had lowered its estimate from 215 million to 210 million tons. The Soviet obstinacy, the latest and most serious irritant in the US-USSR Agricultural Cooperation Agreement, tends to confirm the seriousness of the drought and the determination on the part of the Soviets to conceal the extent of the crop shortfall.

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High Bulgarian Official to Visit US

The Bulgarian Deputy Premier, Ivan Popov, will be in Washington on 23 and 24 September to discuss trade relations. Popov also will visit several American firms, including Kaiser Industries, with which Bulgaria is negotiating a multibillion dollar contract for alumina, steel, and shipbuilding facilities. This is the first official US visit by such a high-ranking Bulgarian official -- a clear signal by Sofia of its desire to improve economic relations with the United States. Popov no doubt will inquire about US Exim Bank credits to help finance technology imports for Bulgaria's next five-year plan (1976-80). [REDACTED]

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Brazil Reluctant to Join Iron Ore Group

Brazil's reported decision to attend an October meeting of LDC iron ore producers as an observer rather than a full participant will handicap efforts to unite on price increases. Brazil -- the largest LDC iron ore exporter -- is investing heavily to expand iron ore exports 60% by the end of the decade. Given the numerous iron ore exporting countries, Brazil remains skeptical of plans to raise prices by restricting exports. [REDACTED]

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Thai Corn Exports

Thailand, fourth-ranked corn exporter, will benefit from a good crop and from price increase brought on by the US drought. The Thai have apparently boosted output about 1 million tons more than 1973 in the crop now being harvested. Of the total 2.4 million tons available for export -- compared with 1.4 million in 1973 -- Japan has contracted for 1.2 million; another 800,000 is to go to Taiwan and other East Asian countries; and the remainder is still uncommitted. Thai grain dealers are already badmouthing government output estimates to assure the highest possible prices on foreign sales. [REDACTED]

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Indonesia to Cut Timber Output

Indonesia, the largest supplier of Asian hardwood logs, has decided to reduce production by 15% in an effort to check declining timber prices. Supporting the government's move, the Indonesian Timber Association and the Indonesian Exporters Association have recommended an even larger cutback of 30%. The new regulation is in keeping with government plans to conserve timber resources and promote domestic processing. Japan, which imports 70% of Indonesia's timber, is not likely to suffer from the cutback; Japanese demand has tapered off, and stockpiles are sufficient for three or four months' consumption. Indonesia, however, could find its export earnings from timber falling as much as 15% below the 1974 target of \$1 billion. [REDACTED]

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Publication of Interest*

Soviet Progress in the Production of Integrated Circuits
(ER RP 74-17, September 1974,)

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This publication surveys the development of the Soviet integrated circuit (IC) industry in terms of the quantity and value of production, the types and quality of devices, and the patterns of consumption. The inexperience of Soviet industry, outdated production techniques and equipment, and insufficient supplies of high-quality materials have kept IC output low – so low that usable output is limited largely to the highest priority military and space applications. To find a quick solution to its problems and to keep from falling further behind the West, the USSR is seeking a major inflow of Western (mainly US) IC production know-how and equipment.

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INTERNAL ECONOMIC INDICATORS

GNP*

Constant Market Prices

	Latest Quarter	Percent Change from Previous		Average Annual Growth Rate Since		
		Quarter	1970	1 Year Earlier	Previous Quarter	
United States	74 II	-0.3	3.8	-1.1	-1.2	
Japan	74 II	0.4	5.5	-3.8	1.8	
West Germany	74 I	1.2	3.5	1.5	5.0	
France	73 IV	1.8	5.8	5.7	7.3	
United Kingdom	74 I	-3.5	1.9	-4.4	-13.3	
Italy	73 IV	1.9	3.7	5.3	7.7	
Canada	74 I	1.7	5.4	3.0	7.0	

WHOLESALE PRICES

Industrial

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier	
United States	Jul 74	2.7	9.3	25.1	34.2	
Japan	Jul 74	1.1	11.3	34.2	13.2	
West Germany	Jun 74	0.2	7.0	13.1	10.3	
France	Jul 74	-0.4	12.8	32.5	-0.4	
United Kingdom	Jul 74	1.5	11.2	25.0	20.9	
Italy	May 74	0.7	14.5	43.0	35.6	
Canada	May 74	0.8	11.2	23.5	30.4	

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier**	
United States	Jul 74	0	4.5	-0.8	4.0	
Japan	Jul 74	0	8.2	-1.8	-6.7	
West Germany	May 74	0.8	3.2	-1.1	-2.9	
France	Jun 74	0.8	8.2	3.3	-1.1	
United Kingdom	Jun 74	0	2.1	-2.8	20.3	
Italy	Jun 74	5.7	5.8	6.5	3.9	
Canada	May 74	-0.5	6.2	2.8	2.5	

CONSUMER PRICES

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier	
United States	Jul 74	0.8	6.2	11.8	12.2	
Japan	Jul 74	1.8	11.5	25.2	11.9	
West Germany	Jun 74	0.4	6.3	8.9	6.5	
France	Jul 74	1.3	8.2	14.4	15.3	
United Kingdom	Jul 74	0.9	10.8	17.1	14.0	
Italy	Jul 74	2.4	9.9	18.7	22.3	
Canada	Jul 74	0.8	6.6	11.3	15.9	

RETAIL SALES*

Current Prices

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier**	
United States	Jul 74	4.2	10.2	8.4	14.6	
Japan	Apr 74	1.2	12.5	13.8	-5.8	
West Germany	May 74	0	8.0	3.5	3.8	
France	May 74	6.2	8.5	18.1	1.3	
United Kingdom	May 74	0	11.2	16.2	7.4	
Italy	Feb 74	8.8	19.0	35.9	36.7	
Canada	Jun 74	0.1	12.2	17.7	17.9	

MONEY SUPPLY*

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since		
		Month	1970	1 Year Earlier	3 Months Earlier**	
United States	Jul 74	0.1	5.9	5.1	5.3	
Japan	May 74	3.0	17.9	14.6	19.8	
West Germany	Jun 74	2.0	9.2	5.3	10.4	
France	Feb 74	-0.3	12.0	9.2	16.5	
United Kingdom	Jun 74	-0.6	8.7	0.8	8.3	
Italy	Dec 73	2.6	21.2	17.9	22.1	
Canada	Jul 74	-0.7	12.7	9.6	13.5	

MONEY-MARKET RATES

	Representative Rates	Percent Rate of Interest			
		Latest Date	1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer-placed finance paper	Aug 7	11.43	8.50	9.00
Japan	Call money	Aug 7	13.50	7.50	12.00
West Germany	Interbank loans (3 Months)	Aug 21	9.46	13.75	9.00
France	Call money	Aug 7	13.38	8.69	13.00
United Kingdom	Sterling interbank loan (3 mo)	Aug 21	12.66	13.75	12.89
Canada	Finance paper	Aug 21	11.63	8.08	11.50
Euro-Dollars	Three-month deposits	Aug 21	13.49	11.31	11.83

*Seasonally adjusted.
 **Average for latest 3 months compared
 with average for previous 3 months.

4 September 1974

Office of Economic Research/CIA

Note: US data provided by US government agencies

EXTERNAL ECONOMIC INDICATORS

EXPORTS*

f.o.b.

T.o.b.	Latest Month		Cumulative		
			Million US \$		Percent Change
		Million US \$	1974	1973	
United States	Jul 74	8,307	54,915	37,970	44.0
Japan	Jul 74	4,879	29,499	19,789	49.1
West Germany	Jun 74	6,320	42,786	29,793	43.0
France	Jul 74	3,900	26,116	20,266	28.9
United Kingdom	Jul 74	3,237	20,234	16,109	25.6
Italy	Jun 74	2,270	13,285	9,401	41.3
Canada	Jun 74	2,653	15,485	12,148	27.3

EXPORT PRICES

US \$

EXPORT PRICES		Average Annual Growth Rate Since			
US \$		Percent Change from Previous		1 Year	3 Months
	Latest Month	Month	1970	Earlier	Earlier
United States	Jul 74	0.5	11.7	25.7	14.3
Japan	Jun 74	0.9	17.1	35.1	28.7
West Germany	Jun 74	-3.8	14.6	18.0	24.8
France	Apr 74	3.5	14.2	18.4	78.9
United Kingdom	Mar 74	7.2	11.0	19.4	49.0
Italy	Feb 74	1.7	10.2	15.9	6.8
Canada	Apr 74	3.2	14.8	43.0	78.7

IMPORTS*

f.o.b.

To b.	Latest Month		Cumulative		
		Million US \$	Million US \$		Percent Change
			1974	1973	
United States	Jul 74	9,036	55,907	38,879	43.8
Japan	Jul 74	4,726	30,921	16,937	82.7
West Germany	Jun 74	4,828	30,420	23,250	30.8
France	Jul 74	4,515	28,508	19,485	46.5
United Kingdom	Jul 74	4,402	27,521	18,398	49.8
Italy	Jun 74	2,827	16,852	10,708	57.4
Canada	Jun 74	2,735	14,931	11,101	34.5

EXPORT PRICES

National Currency

National Currency		Average Annual Growth Rate Since			
		Percent Change from Previous		1 Year	3 Months
	Latest Month	Month	1970	Earlier	Earlier
United States	Jul 74	0.5	11.7	25.7	14.3
Japan	Jun 74	2.7	10.2	44.5	30.6
West Germany	Jun 74	0.2	4.7	17.7	13.5
France	Apr 74	4.3	10.2	28.3	54.4
United Kingdom	Mar 74	4.2	11.8	26.4	44.5
Italy	Feb 74	3.1	11.6	31.8	58.5
Canada	Apr 74	2.7	12.5	38.2	62.0

TRADE BALANCE*

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		Latest Month	Cumulative (Million US \$)		
		Million US \$	1974	1973	Change
United States	Jul 74	-729	-992	-909	-83
Japan	Jul 74	152	-1,422	2,852	-4,274
West Germany	Jun 74	1,491	12,366	6,543	5,824
France	Jul 74	-615	-2,393	801	-3,194
United Kingdom	Jul 74	-1,166	-7,287	-2,289	-4,998
Italy	Jun 74	-556	-3,566	-1,307	-2,259
Canada	Jun 74	-82	534	1,047	-512

IMPORT PRICES

National Currency

National Currency		Average Annual Growth Rate Since			
	Latest Month	Percent Change from Previous		1 Year Earlier	3 Months Earlier
		Month	1970		
United States	Jul 74	2.4	19.5	52.3	27.1
Japan	Jun 74	2.3	17.7	83.2	27.7
West Germany	Jun 74	0.2	6.4	27.7	9.9
France	Apr 74	4.8	15.3	56.4	131.9
United Kingdom	Mar 74	6.4	20.9	60.9	107.4
Italy	Feb 74	16.4	24.2	86.1	260.8
Canada	Apr 74	-1.5	9.9	27.6	57.1

BASIC BALANCE**

Current and Long-Term-Capital Transactions

		Latest Period	Cumulative (Million US \$)		
		Million US \$	1973	1972	Change
United States *	74 I	2,065	2,065	-1,006	3,071
Japan	Jul 74	-632	-9,052	-5,158	-3,894
West Germany	Jun 74	285	4,783	1,464	3,320
France	73 IV	-431	-2,471	-369	-2,102
United Kingdom	73 IV	-1,394	-3,164	-1,954	-1,210
Italy	73 II	-336	639	971	-332
Canada	74 I	-195	-195	-191	-4

EXCHANGE RATES

Spot Rate

As of 30 Aug 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	23 Aug 1974
		1970	1971	1973	1974
Japan (Yen)	0.0033	19.79	1.79	-13.09	0.21
West Germany (Deutsche Mark)	0.3756	49.40	21.34	6.07	-0.87
France (Franc)	0.2073	2.67	5.28	-5.94	0
United Kingdom (Pound Sterling)	2.3167	-16.98	-11.09	-5.86	-0.25
Italy (Lira)	0.0015	-5.37	-11.92	-14.41	-0.26
Canada (Dollar)	1.0119	9.70	1.41	1.42	-0.76

OFFICIAL RESERVES

	Latest Month		Billion US \$		
	End of	Billion US \$	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Jul 74	14.9	14.5	12.9	14.6
Japan	Jul 74	13.2	4.1	15.2	12.7
West Germany	Jun 74	34.2	8.8	32.3	32.9
France	Jul 74	8.3	4.4	11.8	8.1
United Kingdom	Jul 74	6.7	2.8	6.6	7.0
Italy	Jun 74	5.3	4.7	6.0	6.7
Canada	Jul 74	6.0	4.3	5.8	6.2

TRADE-WEIGHTED EXCHANGE RATES***

As of 30 Aug 74

	Percent Change from			
	Dec 66	18 Dec 1971	19 Mar 1973	23 Aug 1974
	1970	1971	1973	1974
United States	-13.60	-4.37	2.20	0.43
Japan	10.66	-2.08	-14.68	0.38
West Germany	29.15	12.27	7.26	-0.56
France	-17.24	-3.89	-6.35	0.52
United Kingdom	-35.33	-21.14	-6.75	0.09
Italy	-25.12	-23.82	-10.92	0.15
Canada	7.47	0.87	2.51	-0.70

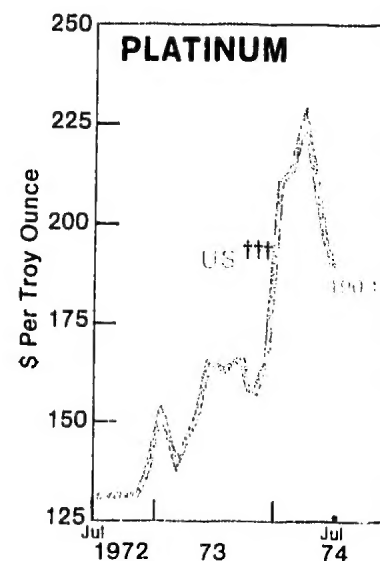
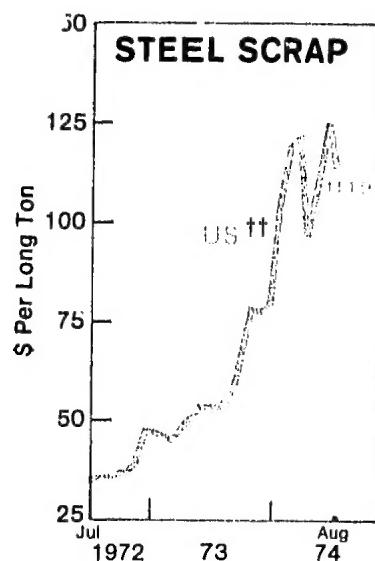
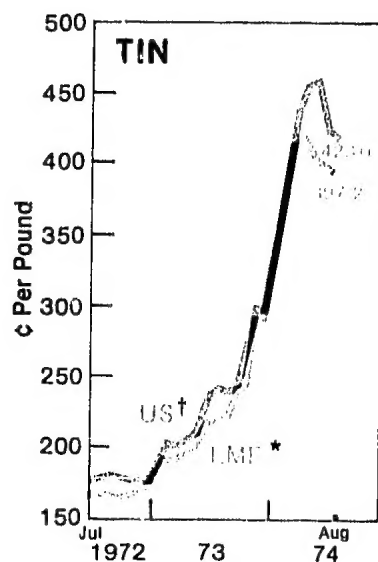
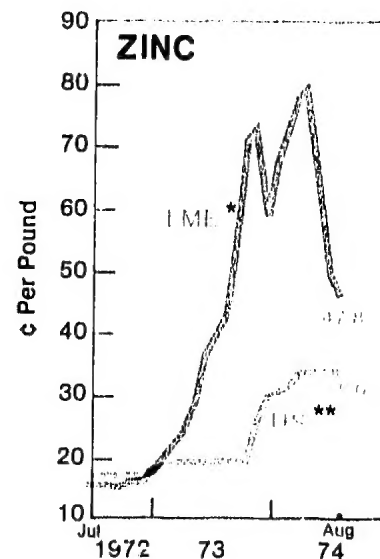
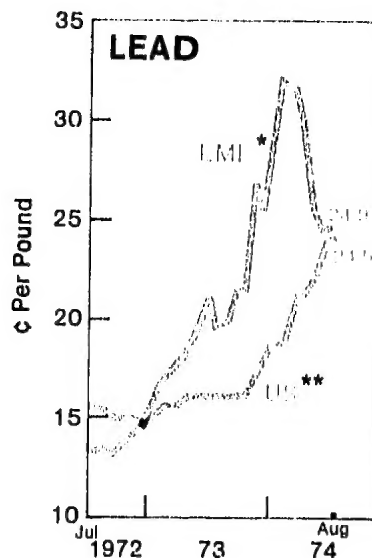
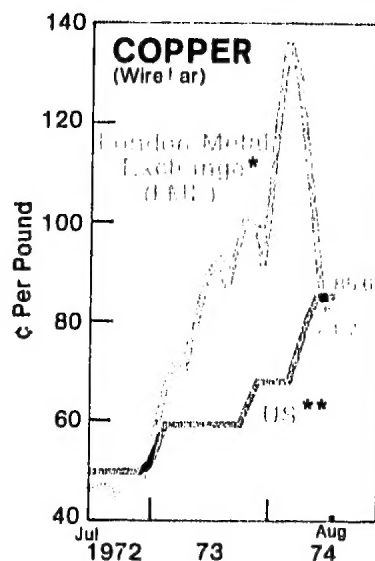
*Seasonally adjusted.

**Converted into US dollars at current market rates of exchange.

***Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

METAL PRICES

(Monthly Average Price)

**COMMODITIES****Cash Prices**

	30 Aug	Week Ago	Jul 74 Average	Aug 73 Average
Copper-LME (¢ per pound)	73.9	80.9	87.3	94.1
Copper-US (¢ per pound)	85.6	85.6	85.6	59.5
Lead-LME (¢ per pound)	24.4	24.7	24.8	19.7
Lead-US (¢ per pound)	24.5	24.5	24.5	16.5
Zinc-LME (¢ per pound)	44.3	47.9	50.0	41.2
Zinc-US (¢ per pound)	35.0	35.0	34.8	20.3
Tin-LME (¢ per pound)	423.1	403.5	386.8	226.1
Tin-US (¢ per pound)	432.0	424.0	426.6	243.6
Steel scrap (\$ per long ton)	111.8	112.2	126.7	55.1
Platinum (\$ per troy ounce)	N.A.	188.5	190.1	165.1

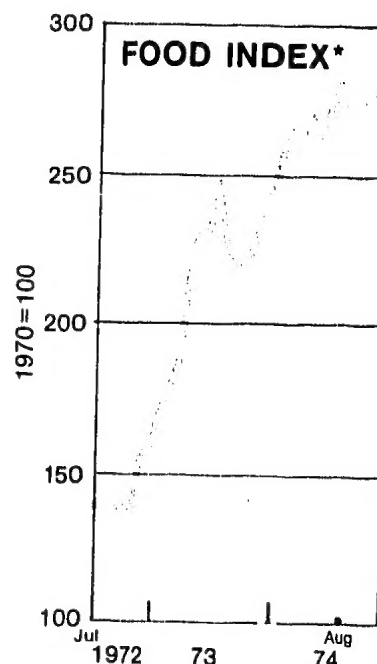
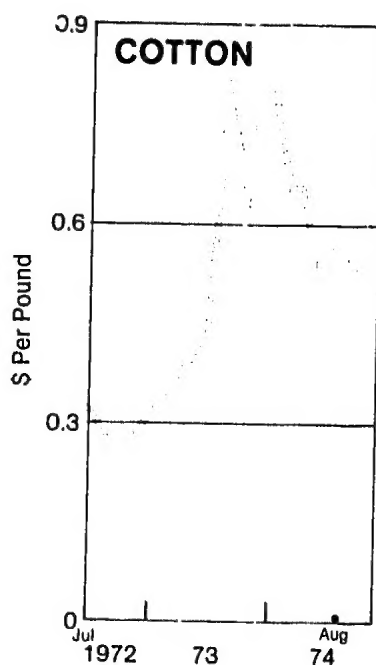
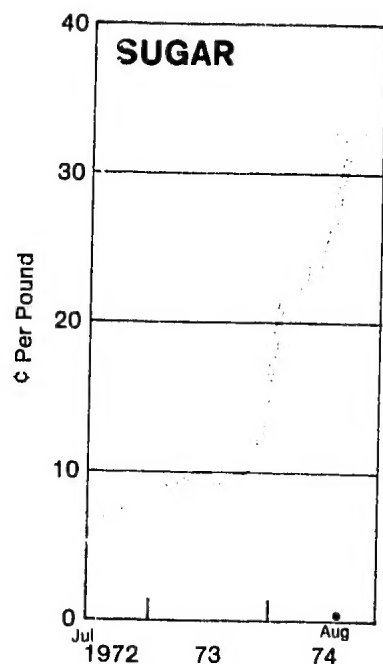
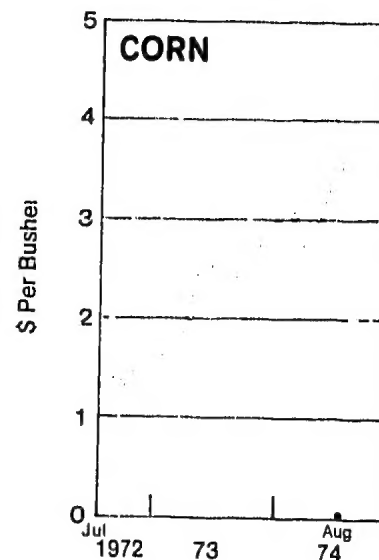
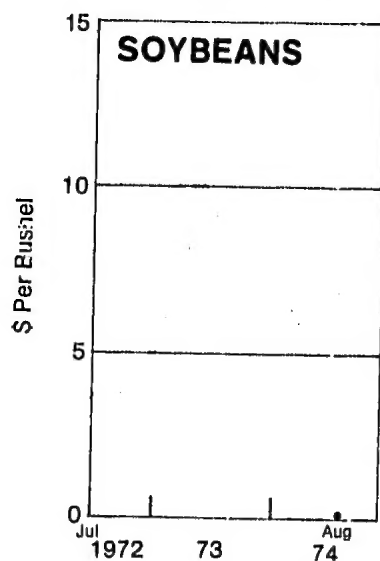
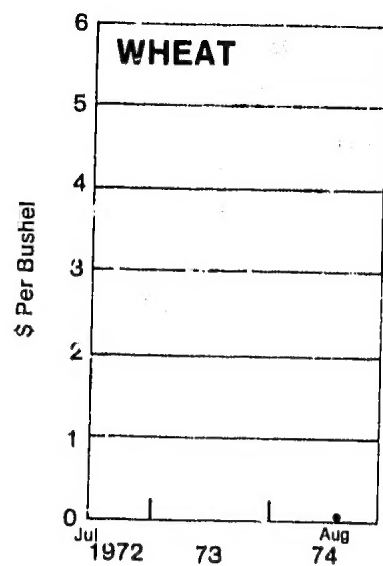
*Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

**Producers' price, covers most primary metals sold in the United States.

† Quoted on New York market. †† Composite price for Chicago, Philadelphia, and Pittsburgh. ††† New York dealers' price.

AGRICULTURAL PRICES

(Monthly Average Price)



* This is a compiled index by the *Economist* for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

COMMODITIES**Cash Prices**

	30 Aug	Week Ago	Jul 74 Average	Aug 73 Average
Wheat—Kansas City #2 Hard Winter (\$ per bushel)	4.28	4.41	4.34	4.71
Corn—Chicago #2 Yellow (\$ per bushel)	3.53	3.73	3.29	2.91
Soybeans—Chicago #1 Yellow (\$ per bushel)	7.29	7.61	6.80	9.08
Sugar—World Raw New York #11 (¢ per pound)	34.3	33.8	25.4	9.1
Cotton—Memphis 1 ¹ / ₈ ' (\$ per pound)	0.4990	0.5050	0.5680	0.6600